

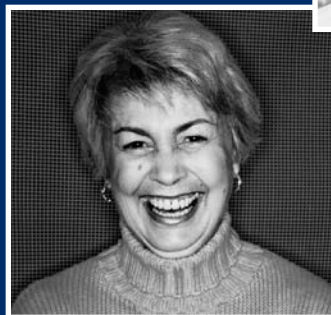
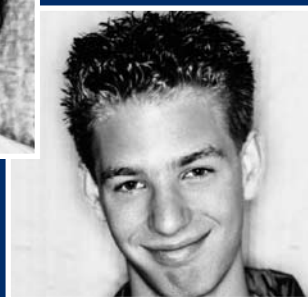


NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

TRANSFORMING HIGHER EDUCATION

NATIONAL IMPERATIVE — STATE RESPONSIBILITY



RECOMMENDATIONS OF THE
NATIONAL CONFERENCE OF STATE LEGISLATURES
BLUE RIBBON COMMISSION ON HIGHER EDUCATION

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October 2006

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Julie Davis Bell, NCSL Education Program director, served as the primary staff to the Commission.



NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

The National Conference of State Legislatures is the bipartisan organization that serves the legislators and staffs of the states, commonwealths and territories.

NCSL provides research, technical assistance and opportunities for policymakers to exchange ideas on the most pressing state issues and is an effective and respected advocate for the interests of the states in the American federal system. Its objectives are:

- To improve the quality and effectiveness of state legislatures.
- To promote policy innovation and communication among state legislatures.
- To ensure state legislatures a strong, cohesive voice in the federal system.

The Conference operates from offices in Denver, Colorado, and Washington, D.C.

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INTRODUCTION

There is a crisis in American higher education. It has crept up on us quickly. It is of significant importance to our future, but the nation is not prepared to address it.

It has become clear that the states and the federal government have neglected their responsibilities to ensure a high-quality college education for all citizens. Too many students are falling through the cracks. As a result, U.S. citizens are not achieving their full potential, state economies are suffering, and the United States is less competitive in the global economy.

It is up to the states—and specifically state legislators—to alter the course of higher education. States bear the major responsibility for higher education, spending approximately \$70 billion each year on the venture. But, states are not maximizing that investment. In this rapidly changing, highly competitive and global environment, it is imperative to do better!

This report represents the deliberations by the National Conference of State Legislatures Blue Ribbon Commission on Higher Education. Appointed in 2005, the bipartisan commission is comprised of six Democrat and six Republican legislators—all veteran members and leaders of higher education in their state legislatures. Members of the commission met over 18 months to study, debate and discuss higher education performance; the challenges facing states, students and institutions; and the role of the legislature in creating some of these problems and in leading to solutions for the future.

Unanimous findings urge a call to action for this country to rethink its investment in higher education and to reenergize the system so that all citizens have access to a high-quality and affordable education. Specifically, the commission urges states to strengthen their commitment to higher education or risk opening the door to unnecessary federal intrusion. We urge our legislative colleagues to become more informed about the issues facing their states and strategies for improvement. We call on state legislators to be at the center of a nationwide movement to identify strengths and weaknesses of the current system, determine a public agenda for higher education for the future, set clear goals for the state and higher education, and hold institutions accountable for performance.

This report is written by state legislators primarily for state legislators. However, we also wish to send a strong message to others who are crucial to the reform of the system, including educators, federal and state policymakers, businesses, the media, students and families. It is a national imperative that we join together to transform the American higher education system for the 21st century. It is a state responsibility to design the goals and strategies to accomplish that. The cost of doing nothing affects not only students, but also families, our states, and our country.

Throughout deliberations, commission members have been particularly struck by the following points.

- The American higher education system no longer is the best in the world. Other countries outrank and outperform us. Although the United States has some of the best institutions in the world, we do a poor job overall in our mass education production.
- At the same time, tuition and fees are increasing rapidly, and the quality of the educational experience is not keeping pace.
- The cost of attending college has increased significantly. States have cut back their commitment to higher education. Tuition has dramatically increased, and student financial assistance has not kept pace. The federal government has decreased its support of needy students and has shifted much of its student financial assistance from Pell grants to tax credits. Increasingly, lower income students are being priced out of college. More students are assuming sizeable student loans.
- Other countries are significantly improving their higher education performance. These countries have at least two things in common: They are prioritizing higher education in their national public agenda and they are approaching higher education reform as part of a national economic development strategy.
- The American higher education system is not preparing students for the 21st century global society. Many business, political and education leaders—including Thomas Friedman and Bill Gates—argue that we've lost our competitive edge. We're not taking globalization seriously. Globalization demands different priorities, different skills and different knowledge.

- We apply 20th century policy solutions to a 21st century world. Today's students differ significantly from yesterday's. Only about 40 percent of the students in our higher education system fit the model of the "traditional" student. Today's students include older and returning students. Many attend multiple institutions, take longer to obtain their degree, and may attend part time. Yet policy decisions still focus primarily on the traditional student.
- We are not prepared for the dramatically changing demographic shifts in our populations. Our fastest growing populations (Latinos, African Americans, immigrants) are the lowest participating populations in our higher education system. It is absolutely essential to the future of states and the country that these populations have access to and are successful in higher education.
- The states and federal government have not ensured that low-income students have access to higher education. Government's primary responsibility in higher education is to guarantee post-secondary education and/or training to all citizens. Yet, when we cut financial support to higher education we deny access to our most needy students. We are in danger of creating a permanent underclass. The poorest individuals have only an 8 percent chance of obtaining a college degree compared to a 70 percent chance for the wealthiest individuals.
- The United States has not done well in providing options for students to pursue nontraditional post-secondary education, such as vocational and technical education. Public policy does not well support or value these choices. A 21st century education system should support opportunities for all citizens to participate in some form of post-secondary education or training.
- Although most citizens still feel deeply that higher education is the gateway to real opportunity in this country, statistics suggest we are slamming the door shut on more students. We let too many students fall through the cracks. Nationally, for every 100 ninth graders who enter high school, only 18 finish college within six years. These results simply are not good enough.
- We have become complacent about the quality of higher education. There is no outcry of public opinion about the quality of the system. State legislators have not prioritized higher education in the public agenda or taken an active role in seeking reform. Faculty are content with the teaching methods of the past and are not changing as the world is changing.
- State legislators are not exhibiting forward-thinking leadership on higher education policy. Rather than making long-term strategic policy decisions, higher education policy is based on reaction to the latest budget crisis or policy fads. This is exacerbated by the fact that higher education legislative policy is diffused among different legislative committees so that policy and budget decisions often are not coordinated.
- Many different decision makers have a voice in state higher education policy, which makes collaboration and coordination difficult. These include governors, legislators, university leaders, state higher education executive officers, and members of governing and coordinating boards. Legislators have been satisfied to let others take leadership. As a result, the statewide purpose of higher education often is supplanted by individual institutional interests. A better strategy involves coordination among all to work toward a common statewide agenda.
- Finally, we have forgotten that higher education is an important *investment* for the states and the nation. Higher education is the ticket to a good job and economic security. A strong higher education system supports individual financial success, a strong state economy, and a competitive nation.

Purpose of This Report

Along with other policymakers, members of the commission have been greatly influenced by Thomas Friedman's recent book, *The World is Flat*. Friedman lays out a logical and alarming case that the United States is losing its competitive advantage in a new, high-tech, highly mobile global economy. This lack of competitiveness should be a matter of the highest urgency for federal and state policymakers. It is our contention that higher education policy should be at the center of this discussion. Higher education is both the problem and the solution. The nation is losing its competitiveness because it has failed to focus on how higher education reenergizes U.S. competitiveness and revitalizes the states.

The commission's purpose is not to lay blame. We do not intend to indict institutions of higher education or the dedicated staff who work in them. We do not intend to scold our legislative colleagues—we understand the difficult political environments in which you work. Rather, we are suggesting that we can do much better and that it is imperative that we do so. We believe that legislators have a responsibility to their states and their citizens to assert their leadership on this important issue and lead a statewide movement for reform.

We welcome the recent work of the Spellings Commission on the Future of Higher Education, which convened shortly after the Blue Ribbon Commission began its work. The recently released Spellings Commission report, *A Test of Leadership: Charting the Future of U.S. Higher Education*, focuses on improving access, affordability and accountability. The Spellings Commission work provides visibility for these issues and we look forward to working together to refocus our national and state commitment to higher education.

We believe the federal government can play a major role in highlighting problems and moving the public discussion. We think the federal government has an important role to play in supporting low-income students, conducting research on innovation and productivity, and providing data and information by which we can examine and analyze our institutions. We believe the responsibility for addressing most problems rests squarely with the states, however, because higher education has always been and must remain a state matter.

This report is written by legislators for legislators. It is about the need for legislative leadership. The NCSL Blue Ribbon Commission on Higher Education calls on legislators to:

- Understand how past actions have contributed to current problems.
- Make higher education a priority for your state legislature.
- Rethink higher education policy as part of state economic development.
- Improve knowledge and information about issues and solutions.
- Take active steps to move your state forward.

LEGISLATOR ROLES AND RESPONSIBILITIES

Commission members believe that legislators have played a role in creating the crisis in higher education. Specifically, legislators have not made strategic budget and appropriations decisions, have not set clear statewide goals for higher education, and have not exerted strong leadership on higher education issues. Here's what we mean.

Budgets and Appropriations

Legislative budget and appropriation decisions significantly affect higher education. For decades, state legislators have determined state support for higher education not in a logical or strategic manner, but in a reactive manner. Higher education has long been the “balance wheel” of state budgets—whatever is left after allocations are made to K-12 education, Medicaid, corrections, transportation and other budget items—is allocated to higher education. The theory is that, unlike other budget categories, higher education has a built-in revenue source—tuition—that can offset state funding cuts. In good economic times, states direct additional revenue to higher education. In slow economic times, however, higher education—more than any other budget item—suffers reductions. This unpredictable funding for higher education causes budget difficulties for institutions and increased costs for students and families as they are pressured to fill the funding gaps.

We understand why legislators make these decisions. It has not been easy to be a legislator during some of the most difficult budget times in decades. No decisions have been easy. Legislators have made rational higher education budgeting decisions under very difficult circumstances. However, the commission also thinks that legislators use tight budgets as an excuse to continue to cut support of higher education. Legislators may wish to consider these difficult fiscal times as opportunities to rethink the entire state higher education policy environment.

Goals and Expectations for Higher Education

State goals for higher education have not been articulated well by legislatures, nor do we clearly articulate our expectations from institutions. Thus, it should be no surprise when there is incomplete information about institutional results. Often, no accountability mechanisms exist, nor is there good data and information on which to judge higher education's success. In short, higher education has been given a “pass.”

When higher education policy is made without a master plan or guiding principles, multiple—and often conflicting—goals result that are more likely to be important to individual institutions rather than to the state.

Legislative Priorities

Higher education has not been viewed as a priority issue, either by the public or by state legislatures. Legislators can be more politically visible on issues regarding state spending, health care, crime or K-12 education, and the public seems to rally around those issues. Legislators seldom hear from constituents that they are concerned about the state of higher education.

When the public policy discussion about higher education focuses only on individual students and individual institutions, it neglects the overall public goods reaped from a strong, high-quality higher education system. These benefits include raising the quality of life for citizens, improving the health and vitality of the state, and enhancing the nation's competitive position in the global economy. Indeed, it is important that these issues be at the forefront of a legislative agenda.

Legislative Leadership

When it comes to higher education policymaking, legislators react, they do not lead. Few legislators are experts on higher education nor do they have the knowledge, skills and confidence to be aggressive state leaders on this issue.

This lack of leadership and expertise is due in large part to increased legislative turnover. There is no time for legislators to develop the knowledge and expertise necessary to exert strong leadership on complex higher education issues. As a result, institutions will argue that “everything is fine” ask for “more money than last year with fewer strings,” and resent legislative questions as “intrusion” or “tinkering.”

When legislators lack knowledge, expertise, capacity and confidence to ask the right questions—the tough questions—and design appropriate legislation to deal with the higher education issues in their states, that authority often is given to governing boards, institutional leaders and others. Legislative leadership can help balance state interests with institutional interests.

BLUE RIBBON COMMISSION RECOMMENDATIONS

The NCSL Blue Ribbon Commission is ready to join forces with the federal government, governors, State Higher Education Executive Officers, governing and coordinating board leaders, institutions, national organizations, businesses, the media and the public to push for a national imperative on higher education reform. It is vital for the success of the nation's citizens, the strength of our states and the nation's competitiveness.

The commission specifically calls upon legislators to seize the opportunity to lead the higher education reform movement in the states. It will require prioritizing higher education on the legislative agenda, approaching fiscal and policy decisions in a different way and exerting strong leadership. In the opinion of the commission, legislators can and must lead the way. The following recommendations define how legislators can become leaders in this effort.

Define Clear State Goals

Effective higher education policy balances state interests with institutional interests. It is the job of legislators to articulate and support the state's interests. Legislators cannot and should not try to define institutional interests. Rather, clear state goals allow institutions to determine how their interests are served by achieving state goals.

We believe legislators should organize and lead discussions to develop and maintain a “public agenda” for higher education—a set of long-term goals and priorities for the state. The public agenda will provide a framework for higher education policymaking for the future and will send clear signals to institutions about what is expected of them. This will not be an easy exercise, but it is doable and important and is the first step legislators need to take in transforming their higher education system.

These discussions cannot be held by any single policymaker or entity and they should transcend any single political view. They should include all key state policymakers and stakeholders, including the governor, members of coordinating and governing boards, public and private institution leaders, members of the business community, and students. The purpose is to define a common interest, articulate statewide goals for the higher education system, and focus everyone in the state on their contributions to those goals. Then, everyone should be held accountable for their part in effective implementation.

THE COMMISSION'S RECOMMENDATIONS

- Define clear state goals.
- Identify your state's strengths and weaknesses.
- Know your state demographic trends for the next 10 to 30 years.
- Identify a place or structure to sustain the public agenda.
- Hold institutions accountable for their performance.
- Rethink funding.
- Rethink student aid.
- Help reduce borrowing and debt.
- Recommit to access.
- Recommit to success.
- Embrace innovation.
- Encourage partnerships.
- Transform the 12th grade.
- Don't neglect adult learners.
- Focus on productivity.

STATE ACTIONS

The California Master Plan for Higher Education, first designed in 1960, has served as a guide for higher education public policy ever since. The plan developed a coordinating council with representatives from the public higher education segments, independent institutions, and representatives appointed by the California Senate and the governor. It defined the missions of the three major systems—the University of California, the California State University system and the California Community Colleges—and set admission standards and goals for “tuition,” fees, and financial aid.

The North Dakota Roundtable on Higher Education was created by the legislature in 1999 to ensure that higher education policy is closely linked to state priorities. The roundtable founders believed that a strong higher education system was critical to creating a stronger future for North Dakota. Instead of operating with multiple visions of what a university system should be and should do for the state, North Dakota has a common vision. Rather than multiple and conflicting expectations by stakeholders of higher education, a clear set of expectations have been agreed to and expressed through fiscal and performance accountability measures.

The Texas Higher Education Coordinating Board, with strong support from the state’s education, business and political communities, adopted “Closing the Gaps by 2015” in October 2000. The plan is directed at closing education gaps in student participation, student success, institutional excellence, and institutional research within Texas, as well as among Texas and other states.

The Kentucky Council on Postsecondary Education invited education, business, community and policy leaders to help devise a plan to raise the state’s standard of living to the national average by 2020. The emerging agenda focused on improved adult literacy and doubling the number of working age Kentuckians who hold bachelor’s degrees by 2020. It laid out five expectations for the future: more Kentuckians will be ready for postsecondary education; postsecondary education will be affordable for citizens; more citizens will have certificates and degrees; college graduates will be prepared for life and work in the state; and citizens, communities and the state economy will benefit.

In Michigan, Governor Jennifer Granholm in 2004 formed the Lieutenant Governor’s Commission on Higher Education and Economic Growth, chaired by Lt. Governor John Cherry. The commission was charged with identifying ways to double the number of Michigan residents with

degrees and other postsecondary credentials of value within 10 years. The 41-member bipartisan commission developed a set of strategies to support that state goal, including improving preparation, expanding participation, increasing degree completion, and maximizing economic benefits.

In Oklahoma, the “Brain Gain 2010” agenda expressed the state’s goal of increasing the percentage of Oklahomans with college degrees by 40 percent between 1996 and 2010.

Identify Your State’s Strengths and Weaknesses

Statewide discussions should begin with an honest analysis of how the state higher education system currently is performing. Where are the leaks in the education pipeline: At graduation from high school? At entrance to higher education? In completion of higher education? What are the outstanding accomplishments? Where are student needs not being met? Where are state needs not being met? One mistake legislators tend to make is borrowing other states’ policy solutions before they know whether their state has similar problems. Intensely analyze your state’s higher education performance. Many sources of information are available to assist you in this exercise, and several are referenced at the end of this report.

Know Your State Demographic Trends for the Next 10 to 30 Years

You cannot begin to articulate meaningful goals for your state higher education system if you lack reliable information about current and future students. Locate and study demographic data to analyze how your state and your students are changing. Enlist your state demographer in this discussion. This exercise is a specific state-by-state activity because each state faces different challenges. Do not assume your challenges are the same as those of any other state, and do not assume national trends will reflect specific trends in your state. You need to determine how many new students will need access to higher education and who these students are (students entering college directly from high school, new students entering the state, and adult students returning to school). To best serve new students it is a good idea to determine the source of the population growth—in-state, other states, or other countries. Again, sources of information to analyze your state are provided at the end of this report.

Identify a Place or Structure to Sustain the Public Agenda

The identification of a public agenda is not a one-time activity. Rather, states should find an appropriate place to “house” ongoing, statewide discussions about how well the system is performing. This “structure” can be an entity that already exists or it can be created specifically for this purpose, but it should be formal and should transcend any governor, legislator, political party or university president. Many states use P-16 or P-20 councils to house these conversations because they already regularly convene key policymakers from K-12 and higher education (and businesses).

STATE ACTIONS

The North Dakota Roundtable on Higher Education, designed by the legislature, includes the chancellor of the university system, the governor, the president of the state Board of Higher Education, key state legislators, and business representatives. It focuses ongoing policy conversations on the role of higher education in support of the state’s economic future.

The Indiana Education Roundtable is appointed and co-chaired by the governor and the superintendent of public instruction. Membership includes key leaders from K-12 and higher education, business, industry and labor, parents and the community, and the Indiana General Assembly. Its purpose is to focus collectively on critical issues in education and to set and maintain a vision for education change and student success in Indiana. Legislation formalizing the roundtable was passed in 1999.

Hold Institutions Accountable for Their Performance

Once states have defined a public agenda and broad state goals, they will have a clearer picture of the outcomes expected from higher education. Then, legislators can hold institutions accountable for their performance and their results. Make sure your state has a system of collecting the data you will need to evaluate performance. Consider new accountability methods, such as regular reporting to the legislature on specific outcomes, or funding linked to performance. For example, Oklahoma rewards two- and four-year colleges for improving retention and graduation rates. Set clear statewide goals, develop appropriate measurements, and provide incentives and consequences for institutional performance.

A Jobs for the Futures report, *By the Numbers: State Goals for Increasing Postsecondary Attainment*, contains excellent examples of common state goals and how states can measure progress toward the goals.

Rethink Funding

Some states may decide that they want and need to spend more on higher education. But, all states—and institutions—need to spend money more wisely. For states, public policy should consider tuition, financial aid and appropriations “in sync.” It is not possible to design coherent public policy that supports statewide goals without considering these three policy pieces together. Yet, very few states have a policy process in which coordinated policy can be made. Fundamental to this policy decision is a clear philosophy about the state, student and institutional obligation in sharing the cost of higher education.

States have not cut back the overall funding for higher education, it costs more to educate students today, and student numbers continue to increase. States have, however, reduced the percent of state budgets that are appropriated to higher education and state appropriations as a share of public university revenue are down. That is, states are shifting the burden of paying for higher education from the state to the family and the institutions. States now pay less of the total cost of higher education and students and families pay more.

Funding can be a powerful incentive for institutional performance. Simply, institutions respond to incentives designed in state policy. Institutions that are rewarded for enrollment will likely show success at enrolling students, but will not necessarily succeed at graduating students. Consider rewards for institutions on successful completion and graduation of their students. Be strategic about those incentives. Be results-oriented in your investments and demand accountability for state funds. Most important, make sure your funding strategies are aligned and support your overall statewide goals.

Rethink Student Aid

The NCSL commission agrees with the Spellings Commission that federal and state governments need to totally rethink their systems of student financial assistance. The current system of financial aid does not fit the needs of today’s students: it does not cover the full cost of education, it does not reward

students who are efficient in getting through the system, and it does not help adults or part-time students.

The NCSL commission urges state legislators to carefully examine their merit and need-based financial aid programs to ensure an appropriate balance. However, the federal government must keep its commitment—and strengthen its role—to ensure that the most needy students receive funding for college. The NCSL commission encourages different programs of support that serve multiple families and that rely less on a single source, such as the Pell grant or tax incentives. This is not the time for the federal government—or states—to withdraw from their investments in higher education. All need to reinvest in the system.

STATE ACTIONS

Minnesota and Oregon have developed a “Shared Responsibility Model” of financial assistance. The approach begins with clear articulation about the various responsibilities—of the student and family, the public and philanthropic partners, and the university—to make college more affordable. It assumes that all students have a responsibility in investing in post secondary education, but that low- and moderate-income families need public help to reduce a disproportionate burden of the price of a college education. At the same time, students can choose the institutions they will attend that will best meet their needs.

California’s Cal Grant program, designed to support students with various post secondary plans, combines both merit and need. Cal grants can be used for tuition, fees and living allowances at public and private colleges and occupational or career colleges.

Help Reduce Borrowing and Debt

State legislators should be seriously concerned about student debt. Students are borrowing more than ever before. According to the American Association of State Colleges and Universities, two of three college students graduate with debt, and the average borrower who graduates from a public college owes \$17,250 in student loans. Ten years ago, the average student borrower who attended a public college or university graduated with \$8,000 in student loan debt (adjusted for inflation). Federal student aid policy has steadily put resources into student loan programs rather than into need-based grants. Even Pell grant recipients now must rely upon student loans. Many students are turning to private loans with high interest rates or are using credit cards to pay tuition.

This increased student debt load drains students, families and the state economy. Students need to borrow because government is not providing enough assistance to meet the total costs of college—whether that be tuition, room and board, books, child care costs, or missed income due to attending school rather than working an extra job. Young adults are burdened with debt, and the state is short-changed on its return on investment in these students.

States can help students reduce borrowing and debt by better balancing merit- and need-based financial aid programs, by considering loan incentives or loan forgiveness programs, by considering incentives for students to finish their schooling in four or five years, and by ensuring that institutions are responsive to the needs of students and are providing the courses needed in a variety of schedules and formats. In addition, states should make sure state financial aid programs are aligned with federal programs, so that students and states can take advantage of all opportunities.

Recommit to Access

States simply must get more students into postsecondary education. That requires a commitment to improve access. Financial access means that all students can afford to attend some form of post-secondary education. This can be accomplished by dealing with the overall price of higher education and the availability of grants, loans, work-study options, or other incentives. It also means that a variety of low-cost options are available for students to earn a certificate or degree, such as technical schools and community colleges. Geographic access means viable options are available for students who can not attend regular institutions during normal hours. This might include satellite campuses, on-line learning options, or the availability of courses during the evenings or on weekends. State policy can be used to reward institutions that provide access to traditionally unrepresented students.

STATE ACTIONS

Many states are experimenting with early commitment financial aid programs that help students prepare early for college access and success. The Indiana 21st Century Scholars Program provides full college tuition to students who, beginning in the eighth grade, maintain a 2.0 grade point average, remain alcohol and drug free, and graduate from an Indiana high school. Oklahoma’s Higher Learning Access Program (OHLAP) enrolls low-income students as early as eighth grade and guarantees grants to those who successfully complete the course requirements and stay out of trouble.

Other states are finding that improved counseling that begins in middle school can help students identify and prepare for a range of life opportunities that may include formal post-secondary education, preparation for a career such as nursing, or participation in vocational/technical education and training.

Recommit to Success

Ensuring that students get into college or other postsecondary education is only part of the story. States also will want to ensure that students successfully complete their education and earn a certificate or degree. This requires a commitment to ensuring that students are prepared to enter college and that they have the necessary financial and institutional support to finish in a timely fashion. Studies indicate that most students who will not complete college leave during or after their first year. Students who return for their second year of college have a high likelihood of completing their degree. Legislators should require that institutions have goals for student success and that they regularly report on progress toward those goals. States also should consider financial incentives that support institutions for student success, not only for student enrollment. For example, rather than providing funding based on enrollments, consider funding based on timely degree completion or on persistence into the second year.

Many states are offering accelerated learning opportunities in high school so students are better prepared for college. Advanced Placement, International Baccalaureate, dual and concurrent enrollment, and tech/prep options are effective ways to give high school students a head start on their postsecondary education and to increase the likelihood of their success in college.

STATE ACTIONS

Arkansas passed legislation in 2003 to institute the Smart Core, a mandatory college preparatory curriculum required of all high school students. Beginning with the class of 2010, students will be required to participate in the Smart Core to graduate from high school unless their parents sign a waiver allowing them to participate in an alternate curriculum. Smart Core includes four units of English, four units of math (including Algebra 1, Geometry and Algebra II), three units of science with a lab component, and three units of social studies. It also requires students to take at least one math course in the 11th or 12th grade. Students who complete the Smart Core will be guaranteed admission to most two- and four-year public colleges and universities in the state.

In 2005, Indiana passed legislation requiring all high school students to enroll in the Core 40 curriculum, a college preparatory curriculum, unless they participate in a formal opt-out process with their parents' consent. Beginning with the class of 2011, students will take three years each of math (including Algebra 1, Geometry and Algebra II), science and social studies and four years of English. In addition, beginning in fall 2011, the Indiana Core 40 will be required for admission to public, four-year colleges and universities in the state.

The Texas B on Time loan program rewards students for their efficiency in finishing their college school work on time. If a student maintains a 3.0 grade point average and finishes his or her degree within four or five years, the loan for the full cost of education is forgiven. Students maintaining a 2.5 grade point average may have their loans reduced to zero-interest.

Embrace Innovation

Commission members are impressed by how institutions—public, private, four-year, two-year and for-profit—are changing how they serve today's students. Many examples exist around the country where institutions have stepped up to help meet a critical state need (such as increasing the supply of nurses), fill a void in the state system (such as community colleges that provide low-cost education or retraining options for adults) or meet student time and place needs (such as virtual universities or for-profit institutions). Although there is a great deal of resistance to change in both the legislative and academic community, legislators should embrace and encourage innovative programs.

Encourage Partnerships

Communicate with business leaders in the state to learn about their expectations of and experiences with the higher education system. Businesses can be excellent partners in helping to understand the weakness in the current system and designing innovative solutions. Higher education and K-12 also must work together better in the 21st century. Many states are making strides in connecting K-12 with higher education through P-16 or P-20 councils. These efforts are laudable, but more can be done. Legislators are frustrated by the lack of responsibility taken by K-12 and higher education for results—for example, the high levels of remediation or the lack of prepared teachers. Preparation for college, access to

college, and success in college have important roots in the K-12 system.

Transform the 12th Grade

The commission embraces the high school reform movement that is sweeping the country, especially regarding transforming the 12th grade to a year that is focused on helping students be ready to enter college or work. Dual enrollment, concurrent enrollment programs and early college are state innovations that have excellent potential to help students be better prepared for college and to finish quicker. An important part of the high school reform movement is making high school more relevant for students who may not desire a traditional college track. That means state legislators will want to ensure that alternative pathways are available for post-secondary education, such as vocational and technical opportunities. State policy can provide a framework and incentives for such programs.

Don't Neglect Adult Learners

Adult learners (ages 25 to 54) now represent 40 percent of the overall student population. Adults returning to the higher education system need opportunities for job training and most institutions are not equipped to provide it. Community colleges traditionally have provided this training, but other institutions can and should support adult learners. The financial aid system also should support adult learners, which can offer significant returns to the state economy. Legislators can work with the business community to discover how higher education can better serve the needs of workforce retraining. Consider incentives for businesses who help meet the needs of adult learners. Consider rewards for institutions that successfully serve this population.

Lifelong Learning Accounts (LiLAs) have been developed by the Council for Adult and Experiential Learning as an innovative financial assistance strategy for adult learners. LiLAs are employer-matched educational saving accounts that can be used to finance an employee's continuing education and training. The funds can be used for a variety of costs including tuition and fees, materials, supplies, and books. Illinois, Indiana, Maine and Oklahoma have considered use of LiLAs to help invest in the retraining success of adults.

Focus on Productivity

A productivity approach changes the conversation from "spending more money" to "spending money more efficiently." Legislators should demand that institutions improve their productivity. Every other sector of the economy is guided by this principle, but higher education has, for some reason, been exempt from concepts of efficiency. Clear state policy can direct institutions to improve their productivity.

STATE ACTIONS

The University System of Maryland has embarked on its "Efficiency and Effectiveness Program," which includes increasing faculty workloads, improving time to degree, extending the use of on-line and out of classroom learning opportunities, and maximizing the use of the system's institutions. In addition, the system has embarked on centralization of shared services (such as audit, construction management and real estate development), leveraged its buying power to drive down prices, and streamlined student services functions to eliminate unnecessary duplication.

The National Center for Academic Transformation has created a course redesign project that uses technologically delivered courses to lower the cost of the courses and improve student performance. By and large, institutions have not included technology to improve the quality of student learning, increase retention, and reduce the costs of instruction. The project focuses on using technology to redesign large introductory courses that reach a significant number of students. Institutions have been able to reduce costs by an average of 40 percent for each redesigned course, and student performance also has improved.

CONCLUSION

The NCSL Blue Ribbon Commission on Higher Education believes states should reframe conversations about higher education reform to focus on support of higher education as an investment in the future of the state and the nation. Higher education discussions should be not only about funding levels, but also about how effective and productive higher education is in spending its funds and in meeting state goals. The commission urges legislators to focus less on specific institutional problems and more on the important role that higher education plays in producing an educated, involved citizenry whose contributions to the state exceed the state investment. Set broad goals and allow the institutions to demonstrate that they have met those goals.

We urge citizens to think less about higher education as a private good and more about the contribution of a highly educated society to the overall public good. The public has not yet sent signals to their legislatures that they are concerned about higher education—other than the concern about the overall cost of attending college. Legislators cannot wait for the public to sound the alarm on this issue. We need to seize this opportunity to lead a public discourse about the urgency to transform higher education.

Finally, state legislators cannot afford to let the federal government define the higher education agenda. We must all work together to design the higher education system we want and need for the future. However, states must take the initiative to decide for themselves how higher education contributes to state goals, and the policy, funding and accountability mechanisms that will support that system and assert their role to remain firmly at the center of the design and development of higher education policy. That begins with state legislators aggressively leading the public dialogue and reclaiming their traditional roles and responsibilities. It ends with a system that we can be confident will serve our citizens, our states and the nation in the 21st century.

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Web Resources

Center for Academic Transformation: www.theNCAT.org

College Board: www.collegeboard.org

Council for Adult and Experiential Learning: www.cael.org

National Center for Public Policy and Higher Education: www.highereducation.org

National Conference of State Legislatures: www.ncsl.org/programs/educ/edu.htm

National Center for Higher Education Management Systems: www.higheredinfo.org

National Center for Public Policy and Higher Education: www.highereducation.org

State Higher Education Executive Officers: www.sheeo.org

Western Interstate Commission for Higher Education: www.wiche.edu

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Meetings of the Blue Ribbon Commission

May 2005
Denver, Colorado

September 2005
Santa Fe, New Mexico

November 2005
Austin, Texas

April 2006
Washington, D.C.

August 2006
Nashville, Tennessee

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TRANSFORMING HIGHER EDUCATION

NATIONAL IMPERATIVE — STATE RESPONSIBILITY

RECOMMENDATIONS OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES BLUE RIBBON COMMISSION ON HIGHER EDUCATION

The crisis in American education is significant to the nation's future. States and the federal government have neglected their responsibilities to ensure a high-quality college education for all citizens. As a result, U.S. citizens are not achieving their full potential, state economies are suffering, and the United States is less competitive in the global economy.

This report represents 18 months of deliberation by the National Conference of State Legislatures Blue Ribbon Commission on Higher Education. Appointed in 2005, the bipartisan commission is comprised of six Democrat and six Republican legislators, all of whom are veteran members and leaders of higher education in their state legislatures.

Unanimous findings urge a call for action for the nation to rethink its investment in higher education and to reenergize the system so that all citizens have access to a high-quality and affordable education. Included are legislator roles and responsibilities and recommendations for state action.



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